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REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION FOR THE YEAR 1995

Addendum

Conditions of service of the Professional and higher categories: examination of the Noblemaire principle and its application

INTRODUCTION

1. The General Assembly, in its resolution 50/208 of 23 December 1995, requested the International Civil Service Commission (ICSC) to re-examine two issues on which it had provided recommendations and decisions in its twenty-first annual report to the Assembly. Those issues were: (a) the manner in which net remuneration comparisons are made with the current comparator; and (b) clarification of outstanding difficulties in making comparisons with the German federal civil service. Both these matters are discussed in the present addendum to the twenty-first annual report of the Commission.

2. It may be noted in this regard that while the General Assembly requested a response on (a) above at its resumed fiftieth session, it did not specify when it expected a report on (b) above. The Commission decided to report the results of its re-examination of both issues to the Assembly at its resumed fiftieth session in view of the fact that discussions with German officials on all relevant issues had been completed and the Commission had concluded its examination of both issues.

A. Specific aspects of the net remuneration margin calculation methodology

3. In the context of remuneration comparisons between the United Nations common system and the comparator, the Commission reported to the General Assembly in 1995 1/ that it had decided:

(a) To include bonuses and performance awards granted to United States staff (except for those granted to eligible Senior Executive Services (SES) staff as meritorious and distinguished awards) and all comparable awards on the United Nations side;

(b) In order to reflect adequately in remuneration comparisons all of the comparator's relevant pay systems, to reduce the dominance of the United States

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federal civil service General Schedule in the current net remuneration margin comparison process using an equal weighting method applied to United States federal civil service pay systems on an occupation-by-occupation basis.

4. After reviewing the 1995 report of the Commission on the examination of the Noblemaire principle and its application, the Assembly decided, in resolution 50/208:

> "to defer its consideration of chapter III.A of the report of the International Civil Service Commission until its resumed fiftieth session, and requests the Commission to review its recommendations and conclusions, taking into account the views expressed by Member States in the Fifth Committee of the General Assembly, in particular regarding the appropriateness of reduction of dominance and the treatment of bonuses in determining net remuneration comparisons, so as to assist in that consideration, and to adjust its programme of work accordingly".

5. ICSC reviewed the General Assembly's request at its forty-third session (April/May 1996), taking into account, inter alia, updated information concerning the comparator's special pay systems, to assist it in responding to the Assembly at its resumed fiftieth session. Detailed views of the Assembly in this regard were provided to the Commission.

Views of the organizations

6. The Chairman of the Consultative Committee on Administrative Questions (CCAQ) said that the organizations wished to present in one statement their views on the two elements of the Noblemaire review which were currently before the Commission, i.e., margin methodology and the highest paying civil service. For the organizations, the application of the Noblemaire principle was the key issue of the current session. The specific technical matters dealt with in the documentation before the Commission should be viewed in that broader context. The examination of all aspects of the Noblemaire principle and its application had, in turn, been requested by the General Assembly in a certain context, i.e., the competitiveness of United Nations common system conditions of service. In the view of the executive heads, ICSC, the Assembly's technical advisory body, was being invited to update the application of the Noblemaire principle to reflect the realities of the global labour market and to consider innovations that would help the organizations as they strove to change the way they worked. More specifically, the Administrative Committee on Coordination (ACC) had called for action immediately to bring the margin to the mid-point of the range. The documentation prepared for the session did not reflect these concerns; instead, in instances where the General Assembly had commented on specific elements of the Noblemaire review, alternatives had been put forward, implying that the Commission might wish to move away from the positions taken in its annual report on the reduction of dominance, the inclusion of bonuses and the recognition of the German civil service as the highest paid. Those alternatives appeared completely unrelated to the technical explanations offered in the documentation, which confirmed in cogent technical terms that the decisions made by ICSC in 1995 must be upheld.

7. CCAQ alluded to the difficulties which the Fifth Committee had faced in understanding the recommendations in the 1995 annual report, prompting the Assembly's request to the Commission to ensure that its reports contained clear and readily understandable explanations of its technical recommendations. Moreover, the Fifth Committee had had very little time available to it to undertake a full review of the ICSC recommendations. Lessons needed to be drawn

from this experience to ensure that the Commission's report received proper attention and was presented in a balanced and technically sound manner. From a technical viewpoint, however, nothing had happened that warranted a reconsideration of the decisions and proposals in the 1995 report. With regard to the highest paid civil service, the discussions with the German authorities had invalidated none of the Commission's conclusions. The German Government's reluctance to use the Master Standard as the basis for comparisons with the United States federal civil service did not make those comparisons less valid. Similarly, CCAQ saw no technical evidence which would support any change in the positions taken by ICSC in respect of dominance reduction or the inclusion of bonuses in margin calculations. Noting the absence of any reference to these issues in most delegations' statements on the item, CCAQ concluded that this was a matter of concern to a small, if vocal, minority.

8. CCAQ noted with concern that the question of the comparator had recently been raised in the Open-ended High-level Working Group on the Strengthening of the United Nations System, which had been asked to consider three alternatives to the current comparator. It trusted that this did not mean that the Working Group was assuming responsibility for pay setting and that the considerable time and effort invested in the Commission's review had been wasted. It was imperative that the Commission offer some straightforward, unequivocal recommendations for the resumed session of the General Assembly; otherwise, others might try to provide guidance.

9. The financial difficulties currently facing many organizations were well known. The executive heads knew that budgets had to be balanced, and they were willing to put in place cost-containment measures to offset any additional costs in human resources. This was a matter of managerial responsibility, which was not the issue: the issue was one of technical credibility.

Discussion by the Commission

10. ICSC first discussed how it should interpret the phrase "taking into account the views expressed by Member States in the Fifth Committee". It was clear that there had not been widespread support in the General Assembly for the broader package of measures recommended by the Commission as a result of its review of the Noblemaire principle and its application. It was suggested, however, that this lack of support did not imply that a majority of delegations opposed the approach taken by the Commission in regard to the specific elements of dominance reduction and reflection of bonuses and merit awards in margin comparisons: a number of other factors were involved. It was noted that those delegations which had explicitly addressed those elements had expressed negative views thereon. It was pointed out, on the other hand, that these represented a distinct minority of the delegations which had presented statements on the common system item. The majority had not addressed those specific elements. Their silence could surely not be construed as opposition: while it might not be proper to infer that they all supported the Commission's approach, it seemed reasonable to assume that had they had serious reservations on the subject, they would have expressed them.

11. It was thus the Commission's understanding that the General Assembly expected it to exercise some judgement about views of the Assembly as a collegial body, on both the overall Noblemaire package and the specific elements of that package to which the Assembly had drawn attention, having in mind at the same time its responsibilities under article 6 of its statute.

12. The Commission wished also to emphasize that the specific elements addressed in the documentation before it had to be placed in a broader context. In requesting the Commission, in its resolution 47/216 of 23 December 1992, "to study all aspects of the application of the Noblemaire principle with a view to ensuring the competitiveness of the United Nations common system", the General Assembly itself had set a clear objective for the review of the Noblemaire principle and its application. When the Commission, in the context of that review, had examined general issues surrounding the Noblemaire principle, there had been general agreement that the intent of the Noblemaire principle had been to ensure competitiveness 2/ as well as support for the thesis that the competitiveness of the United Nations remuneration system had eroded in recent years. 3/

13. It thus followed logically that the Commission's efforts would be focused on honing the system's competitive edge. The set of measures recommended by the Commission under the Noblemaire studies, taken as a whole and in its specifics, had been directed to that end. It was considered significant that, in its resolution 50/208, the General Assembly had reaffirmed the continued applicability of the Noblemaire principle as well as the need to maintain the competitiveness of the United Nations common system as an employer. The two pillars on which the Commission had built its work had thus been reinforced by the Assembly. It was also considered by some that while the General Assembly had requested ICSC to reconsider its decisions on dominance reduction and the inclusion of bonuses and performance awards in margin comparisons, the basis for the Assembly's request was not clear.

14. Finally, the Commission wished to make it clear that the developments that had occurred in the United States/United Nations net remuneration comparison process had been no more than a response to changes that had been introduced incrementally over time by the comparator. The response to the incremental changes in the comparator had led to features in the comparison process which the Commission had never examined in the broader context of the competitiveness of the remuneration package. The review of the application of the Noblemaire principle had provided the opportunity for such a review, as noted in paragraph 12 above. The General Assembly had established the objective of that exercise as one of ensuring the competitiveness of the United Nations common system.

15. The Commission then proceeded to re-examine in detail the two elements to which the General Assembly had drawn its particular attention.

(a) Equal weighting approach

16. ICSC noted that its decision regarding the weighting of the comparator's special pay systems in net remuneration comparisons had not been taken lightly. It was the culmination of a lengthy and painstaking process reaching back over at least a decade. With the departure of the General Schedule (the comparator's pay system covering the greatest number of staff) from full pay comparability with the United States private sector during the 1980s, the number of comparator civil service staff covered by salary arrangements outside the General Schedule had steadily increased. The special pay rates programme of the General Schedule, including both Professional and clerical staff, alone had increased exponentially during the late 1970s and 1980s. That situation had caused the Commission to increase steadily over time the number of pay systems included in the comparison. By 1990, seven pay systems were included on the basis of actual weights.

17. At that time, and in the context of a grade equivalency exercise, the Commission had noted further divergences from the General Schedule pay rates in the form of new and revised special pay systems. It decided, however, that it was not imperative to include those systems in net remuneration comparisons at that time. A key factor in this decision was the 1990 Federal Employees' Pay Comparability Act (FEPCA). FEPCA was designed to narrow the nearly 30 per cent gap between federal and non-federal pay to within 5 per cent over a period of time. As the Commission saw it, if FEPCA operated as planned, the role of special pay systems in the comparator service would taper off, as it was precisely in order to bridge the shortfall between the comparator (the United States federal civil service) and the comparator's own reference point (the non-federal sector) that those systems had been created in the first place. Theoretically, the appearance of FEPCA signalled the demise of the special pay systems. Thus, the Commission had decided that it would be prudent to await the effects of the implementation of FEPCA legislation before taking any further measures to reflect the comparator's special pay systems in margin comparisons.

18. In 1994, the first year that FEPCA was to be fully implemented, a different picture had begun to emerge. While the locality pay provisions of FEPCA were being fully applied, the across-the-board increase required under FEPCA was not implemented because of domestic United States budgetary considerations. ICSC reported that situation to the General Assembly, as well as its decision to reflect fully in the comparison process all relevant occupations of the comparator's special pay systems in 11 United States Government agencies. Their inclusion would be through the application of specific criteria reported to the General Assembly, 4/ taken in conjunction with the results of an updated grade equivalency study due to be conducted in 1995. The weights to be accorded to each agency in the comparison process would continue, as in the past, to be the actual number of incumbents in each relevant occupation. The result was thus that the Commission expanded the field for the comparison, but maintained the same weighting procedure as in the past.

19. As in 1994, FEPCA was again not fully implemented in 1995. It was at that point that the Commission had concluded that special pay systems would be a continuing feature in the comparator's service since it seemed unlikely that FEPCA was going to achieve its goal of closing the pay gap between the federal and the non-federal sectors. Given the above, and in the light of the General Assembly's request in resolution 47/216 that ICSC review all aspects of the application of the Noblemaire principle with a view to ensuring the continued competitiveness of the United Nations common system, ICSC concluded that ways needed to be found to reflect the comparator's special pay systems more fully in remuneration comparisons.

20. It was against the backdrop of the factors outlined above (the non-implementation of FEPCA and the competitiveness provisions of resolution 47/216) that ICSC had taken up at its spring 1995 session the question of the most appropriate weighting procedure to be applied in margin comparisons. As recorded in the Commission's twenty-first annual report to the General Assembly, the concern was that the predominant size of the comparator's General Schedule tended to overwhelm the special pay systems, which were considerably smaller. As a result, the competitive advantage of these pay systems, which the comparator had established to rectify its lack of competitiveness vis-à-vis its own comparator, was obscured. ICSC first addressed the matter on grounds of principle and policy, considering that once a determination had been made at that level, specific techniques could be addressed. Taking all factors into consideration, the Commission decided that it would be appropriate to take steps to reduce dominance in margin calculations.

21. Thereafter, at its forty-second session, ICSC had reviewed in detail four possible options for reducing dominance. As noted in the 1995 annual report, these were: the log weight method; equal weights; the 75th percentile method; and the best paid system method. In order to select the most appropriate weighting procedure, ICSC established three criteria against which each option was carefully weighed. These were:

(a) Responsiveness to the competitiveness requirements of the Noblemaire principle;

(b) Stability over time;

(c) Transparency and feasibility.

22. Following detailed discussion, during which different viewpoints were expressed, the Commission considered that the option which best measured up against those criteria was the method whereby equal weights were accorded to all pay systems included in the comparison, i.e., the equal weighting method. It therefore decided to apply this method in the net remuneration margin comparison process. It was this decision that the General Assembly was asking the Commission to review.

23. In the reconsideration of the matter at the Commission's forty-third session, it was recalled that the Commission's decision had been based on a detailed technical consideration of various factors and represented a convergence of views. It was apparent from the 1995 annual report that there were some who felt that the equal weights method went too far in reducing dominance; others felt that it did not go far enough.

24. Two members of the Commission voiced agreement with those Member States that had opposed the use of dominance reduction, and supported their characterization that the use of equal weights was "most inappropriate", "unprecedented", "erroneous" and "incomprehensible". Those members were of the opinion that if equal weight was given to the General Schedule pay system consisting of 168,000 positions in Washington, D.C., and the pay system of a financial agency with 10 positions, the result would not simply distort the true picture of pay in the United States federal civil service, it would destroy it by significantly overstating its value. These same members were of the opinion that it was appropriate to continue to use weights that reflected the actual numbers of positions in the various United States pay systems.

25. The other members of the Commission considered that the internal logic and rationale underlying the Commission's 1995 decision, as outlined in the 1995 annual report and amplified in paragraphs 20 to 23 above, retained its full validity. These members considered that the use of the equal weighting method:

(a) Was most appropriate in reflecting the competitive advantage of the comparator's special pay systems, in view of the General Assembly's request to examine all aspects of the application of the Noblemaire principle with a view to ensuring the continued competitiveness of the United Nations common system;

(b) Attempted to fulfil the requirements of the Noblemaire principle by ensuring that the salary levels of the United Nations common system were above those of the comparator, which was not currently the case in respect of some special pay systems;

(c) Had precedent, inasmuch as dominance reduction methods were applied elsewhere in the management of the remuneration system;

(d) Had the desirable attributes of simplicity and transparency while representing a moderate synthesis of the various methods examined by the Commission.

Indeed, the information made available at the current session served to reinforce their certainty that the decision taken had been and was fully justified.

26. It was further noted that for all pay systems, including the General Schedule, only occupations of relevance to the United Nations system had been taken into account. In the case of the General Schedule, this represented approximately 76,000 staff in Washington, D.C. The Commission took note of further technical information provided by the secretariat which reaffirmed the view of the significant majority of members that the equal weights approach was a relatively moderate one and would not distort the comparison process.

(b) Treatment of bonuses and performance awards

27. ICSC noted that this issue also had extensive antecedents. Its consideration of the matter could be divided into three phases:

(a) Up until 1990, it had included in net remuneration margin calculations all applicable bonuses and performance awards of the Senior Executive Service (SES). Those included both the Meritorious and Distinguished awards, which were granted to very few SES staff, and the general performance awards, for which all career SES staff were eligible;

(b) In 1990, the Commission had decided to include in the comparisons only that part of bonuses and performance awards that formed part of the base pay of United States federal civil service employees. That decision, which was reaffirmed in 1992, meant that SES bonuses and performance awards were no longer included in margin comparisons. A portion of the Merit Pay System performance awards was included. 5/ All elements of doctors' pay, whether part of base pay or not, were included in the calculations during this period (1990-1994);

(c) In 1995, in the context of its examination of the Noblemaire principle and its application, ICSC had decided to include:

(i) The SES bonuses and performance awards for which all SES career staff were eligible;

(ii) All bonuses and performance awards granted under separate schemes to staff of special pay systems.

As in the past, all extra pay granted to doctors under various pay systems continued to be factored into the calculations. The Distinguished Service and Meritorious awards of the SES were excluded on the basis that they were payable to very few staff.

28. The Commission noted that discussions of this issue had basically centred on the perception of the comparator's bonuses and performance awards. On the one hand, there was the view that bonuses and performance awards should not be considered a pay component because they were discretionary, and were not entitlements: they should thus be excluded from the comparison process. Others

took the view that it was difficult to ignore a significant cash supplement to salary granted on the one side which was not available on the other. This was particularly the case when, as in the present instance, these bonuses were payable to a substantial proportion of the workforce (e.g., nearly 40 per cent of SES staff received performance bonuses averaging some $7,000 annually). This debate had been continuing for a number of years, with the balance shifting towards one or other of the schools of thought, as evidenced by the changing positions taken by the Commission on this issue over the years (see para. 27 above). In the recent round of discussions on the subject, it had also been noted that in 1994 the Commission had recommended to common-system organizations a package of measures in the area of performance management, including the provision of cash bonuses of up to half a month's salary to 5 per cent of an organization's workforce. To date, however, this specific recommendation had not been applied by any organization. ICSC also took note of the organizations' view that the arrangements provided for in the common system were considerably more restrictive than those available on the comparator side, in terms of both amounts and scope of applicability. It was recalled that it had already been agreed that, were bonuses to be introduced in the common system as per the Commission's recommendations, they should be factored into the calculations. 6/

29. Some members of the Commission, who had hesitations on conceptual grounds about the inclusion of bonuses and merit awards in pay comparisons, none the less considered that in the context of restoring the competitiveness of common system remuneration, it was legitimate to include them. It was this consideration that had tilted the balance towards the Commission's decision in favour of the inclusion of certain bonuses and performance awards which had been excluded from the comparisons between 1990 and 1994.

30. When ICSC reverted to the matter at its forty-third session, two members were of the opinion that bonuses and performance awards should not be included in margin calculations and gave seven reasons for this conclusion. These members observed that bonuses and performance awards were:

(a) Not included in the base pay or pensionable remuneration of United States civil servants;

(b) Not given to a majority of the United States staff;

(c) Intended to recognize exemplary service;

(d) Given at the discretion of individual managers;

(e) Not guaranteed and could not be anticipated by United States civil servants;

(f) Given in amounts that varied from year to year and from staff member to staff member;

(g) Recognized and encouraged by the Commission for use in the common system organizations.

31. The other members of the Commission reaffirmed that the reasoning that had gone into the 1995 decision on this issue, as set forth in the Commission's 1995 report 7/ and as amplified above, retained its validity, for the following reasons:

(a) The comparator's bonuses and performance awards identified for inclusion in margin comparisons were significant in terms of both the amounts and the scope of their application; their exclusion would raise issues of equity and validity of the comparison;

(b) Care had been taken not to include payments of marginal significance;

(c) The fact that the Commission had recommended bonuses for common system use was somewhat nugatory as (i) these bonuses were not currently in use by any agency; and (ii) it was agreed that, should they be introduced in any agency(ies) of the system, they would be factored into the comparison process. The exclusion of the comparator's bonuses and performance awards on that basis would be inequitable, unless the Commission were to authorize payments of bonuses and performance awards of a similar size and scope on the United Nations side. This was deemed to be part of a broader performance management issue;

(d) The competitiveness restoration objectives of the Noblemaire review, as set by the General Assembly itself, reinforced the validity of including these payments in the comparison process.

Decision of the Commission

32. ICSC decided to report to the General Assembly that it had carefully reviewed the issues raised by the Assembly regarding:

(a) The reduction of dominance in margin comparisons through the use of the equal weighting method;

(b) The inclusion in those comparisons of all bonuses and performance awards of the various pay systems except the distinguished and meritorious awards granted to SES.

It had decided to reaffirm both these decisions, which had been arrived at after an in-depth consideration. In this regard, all prior recommendations of the Commission as reflected in paragraphs 90 to 119 of the Commission's twenty-first annual report were reaffirmed.

B. Identification of the highest-paid national civil service: comparisons with the German civil service

33. In 1995, the Commission decided to recommend to the General Assembly that the continued applicability of the Noblemaire principle should be reconfirmed based on:

> "(i) the use of periodic checks to determine the highest-paid civil service; and (ii) the use of a margin range that is appropriate in relation to the value of expatriate benefits". 8/

The Commission had developed for doing so a methodology involving total compensation comparisons which was endorsed by the General Assembly in section VI of its resolution 46/191 of 20 December 1991. It had conducted a series of studies including a preliminary review (phase I) of 11 national civil services followed by more detailed studies of two potential comparators: the federal civil services of Germany and Switzerland. Following its review of these studies, the Commission reported to the General Assembly that:

"Notwithstanding a strong presumption in favour of the German civil service as a comparator, the conditions for changing the comparator were not, under the current circumstances, in place." 9/

It also specified that:

"In view of the request of the General Assembly to examine all aspects of the application of the Noblemaire principle with a view to ensuring the continued competitiveness of the United Nations common system remuneration, the superior conditions of the German civil service vis-à-vis those of the United States federal civil service could be considered as a reference point for margin management." 10/

34. The General Assembly, in its resolution 50/208 of 23 December 1995, requested

"the Commission and the national civil service authorities concerned to resolve the outstanding difficulties in comparing differently designed civil services and grading systems, within the approved methodology, and to clarify the conclusions set out in paragraph 172 (b) (ii) and (iii) of its report [as set out in para. 33 above], in order to complete the study on the highest-paid national civil service, and to report thereon to the General Assembly".

35. ICSC had before it at its forty-third session documentation prepared by the secretariat which provided detailed information on action taken to resolve outstanding issues with the German authorities, in order to assist the Commission in completing its study as requested by the General Assembly.

36. It was recalled in the documentation that the "outstanding difficulties" referred to by the General Assembly were linked, inter alia, to the establishment of agreed-upon grade equivalencies which formed the basis for remuneration comparisons between the national civil service of Germany and that of the present comparator. When reviewing the final results of these remuneration comparisons at its two 1995 sessions, the Commission was informed that the German authorities did not concur with the conclusions of the study conducted by the secretariat. Their concerns may be summarized as follows:

(a) The sample of jobs used in the study should not have been restricted to the ministries but should also have included jobs from "executing agencies" (i.e., federal offices that are attached to ministries and are responsible for the implementation of legislation and programmes, rather than for their elaboration, development and evaluation);

(b) The grade equivalencies derived from the study were considered to be at least one grade too high;

(c) The methodology for determining the highest-paid civil service which supports the concept of rank-in-post could not be applied to the federal civil service of Germany, whose remuneration package was based on a mix of organizational level, personal qualifications and budgetary considerations. Thus, the applicability of the ICSC Master Standard as a measuring tool was contested and the German authorities declined to participate in a validation exercise.

37. The Chairman of ICSC had requested a meeting between the responsible officials of the German federal civil service and the representatives of the

Commission in order to review in detail the issues raised by the German authorities. The outcome of this meeting, which had taken place in Bonn in early March 1996, was reported in the documentation presented to the Commission; in sum, while some additional information and explanations had been provided by both parties, no narrowing of differences had taken place.

38. In addition to a review of the issues outlined in paragraph 36 above, information had been provided during the discussions on possible changes in the German civil service, which was under pressure to downsize. The German authorities had noted that discussions on restructuring were also under way in conjunction with the move of the capital from Bonn to Berlin. It was envisaged that the number of ministries would be reduced, while more executing agencies would be created and would be based in Berlin. With regard to the move to Berlin, it was indicated that salaries might not be adjusted to take into account the higher cost of living in Berlin vis-à-vis Bonn. Proposals were also being made concerning increasing working hours and possible future employee contributions to the social insurance scheme. This drive for a leaner German civil service was as a result of the budgetary difficulties arising from the reunification of Germany and the associated costs. With respect to working conditions, several changes were being contemplated, including the reduction or elimination of the Ministerial Zulage (an allowance paid to officials working in ministries).

39. During the discussion of those possible changes to the German civil service, the Commission was informed that, for Beamte officials, conditions of service were the subject of guarantee under the Constitution. It was also pointed out that information from various sources indicated that certain concessions, e.g., travel allowances, might be provided for German civil servants relocated to Berlin. The outlook was in fact uncertain. For this reason the Commission felt it important to recall that its methodology was based on current realities, not future possibilities.

40. The Commission was also apprised of the view presented in the discussions by the ICSC secretariat that while some of the factors cited by the German authorities were unique to Germany, most countries, including the current comparator, were taking similar initiatives to streamline their civil services and reduce costs. The focus of the Commission's study was a comparison of conditions of service between national civil services at various points in time. Thus, only time would tell whether the estimated 10.5 per cent advantage of Germany over the United States in total compensation terms would be maintained.

Views of the organizations 11/

41. The Chairman of CCAQ reiterated that, from a technical standpoint, nothing in the Commission's studies on the application of the Noblemaire principle had been invalidated as a result of the discussions with the German Government. He stressed that the Master Standard was a tried and tested tool, introduced by ICSC nearly two decades ago as the cornerstone of the remuneration system. It was the statistical constant needed in the comparison of any two variables and could not be abandoned in favour of a negotiated settlement. In CCAQ's view, many of the issues raised by the German authorities were of marginal relevance to the Commission's study and some could be termed speculative. CCAQ urged the Commission to concentrate on essentials and the here and now. He emphasized that the General Assembly had asked the Commission to clarify the current status, not to change its methodology.

42. The representative of the International Atomic Energy Agency (IAEA) noted that the grade equivalencies established by the German authorities had their roots in considerations which were very different from those underlying the ICSC Master Standard and its application in the approved methodology: hence the difficulty in convincing those authorities to accept the methodology. The German civil service, like many other employers in the public and private sectors, was experiencing upheavals; he cautioned, however, against anticipating rapid changes in the conditions of service of Beamte, whose conditions of employment were guaranteed by the national Constitution.

Discussion by the Commission

43. The Commission reviewed in detail the information provided on the specific areas of difference with the German authorities in the application of the approved methodology for the identification of the highest-paid national civil service (see para. 36 above). Members noted that the considerations set out in paragraphs 155 to 172 of the twenty-first annual report had been arrived at after lengthy and sometimes difficult discussions; new, irrefutable evidence would be required to change views either way, and this was not forthcoming. For example, while some executing agencies had now been identified in Bonn, the numbers of staff involved in areas of relevance to the Commission's study was very small, and the application of the Master Standard to some of the positions in question bore out the results of the study and did not change its results. Similarly, with regard to the applicability of the Master Standard to a workforce like the German civil service, and the resulting grade equivalencies, nothing had transpired to alter the situation or the views of members of the Commission thereon. In this connection it was recalled that the methodology established by ICSC for the identification of the highest-paid national civil service had been endorsed by the General Assembly. The methodology had been applied in the context of the Noblemaire studies conducted as part of the 1995 review process and had been accepted by the other employers participating in that process. Despite discussions and consultations extending over a period of months, the German authorities were reluctant to accept the methodology unless changes were introduced therein to meet their stated concerns. The Commission noted, however, that adjusting the methodology to the circumstances of a particular workforce was not feasible as its intrinsic logic was to compare the current and the potential comparator via a common yardstick (i.e., the ICSC Master Standard).

44. In view of the above, members considered that efforts should be directed towards clarifying the earlier position taken by the Commission, which was, indeed, what the General Assembly had requested. There was little to be gained by reopening the substantive debate, on which views were firmly held both within the Commission and by the German authorities. In that connection, it was noted that the views of the various members of the Commission, as stated in the twenty-first annual report, remained unchanged.

45. German officials were requested to provide their views on all relevant issues, particularly their system for determining United Nations/German grade equivalencies. The Commission considered the official German views, provided in writing, in the context of its review. It noted that some of the information presented recently by the German authorities tended to reinforce the perception of the German civil service as a workforce in flux. It was also noted, however, that some of the changes reported on the horizon of the German civil service were already bedevilling the current comparator. The real question was: where was each workforce heading, and how fast? In that connection, it was recalled

that the established methodology dealt with the current situation, not projections over time.

46. The Commission further noted that a change of comparator was a complex undertaking that should not be undertaken lightly: there were myriad implications in terms of social security arrangements, exchange rates, currency of payment and the base of the system, to cite but a few. A measured approach was therefore indicated. The Commission did not, however, consider that this required a rethinking of the current application of the Noblemaire principle, which had been confirmed by its own exhaustive review and had been upheld by the General Assembly in resolution 50/208. The Commission would continue to keep the matter under close review. Meanwhile, as reported in paragraph 172 (b) (iii) of the twenty-first annual report, the situation of the German civil service vis-à-vis that of the United States federal civil service could be considered as a reference point for margin management, in accordance with the competitiveness requirement which lay at the heart of the Noblemaire principle.

Decision by the Commission

47. The Commission decided to report to the General Assembly that:

(a) Based on a technical evaluation conducted within the approved methodology, the total compensation levels of the German federal civil service had been found superior to those of the current comparator (as reported to the Assembly in para. 172 (b) (i) of its twenty-first annual report). 12/ That continued to be the case;

(b) After further discussion with the German officials, it had emerged that it would not be possible to narrow existing differences on the scope of the study or the applicability of the Master Standard to the German civil service without substantially modifying the current methodology. In this context the Commission did not consider that a modification in the approved methodology was justified;

(c) Its conviction regarding the superior position of the German civil service in total compensation terms and the applicability of the approved methodology notwithstanding, the Commission did not consider that it was opportune to recommend a change of comparator for the following reasons:

(i) The actual process of changing comparators was a complex one, with implications for pensions, the currency of record, the location of the base of the United Nations remuneration system and related issues;

(ii) The superiority of the total compensation levels of the German civil service might not be maintained over time. It was for this reason, inter alia, that the Commission had recommended and was again recommending that the situation should be monitored.

Notes

1/ Official Records of the General Assembly, Fiftieth Session, Supplement No. 30 (A/50/30), para. 119 (b).

2/ Ibid., para. 74.

3/ Ibid., para. 80.

4/ Ibid., Forty-ninth Session, Supplement No. 30 (A/49/30), para. 105 (d).

5/ The Merit Pay System expired in 1993 and was reincorporated in the General Schedule with no further bonuses or performance awards granted thereunder.

6/ Official Records of the General Assembly, Fiftieth Session, Supplement No. 30 (A/50/30), para. 112.

7/ Ibid., paras. 109-112.

8/ Ibid., para. 89 (b).

9/ Ibid., para. 172 (b) (ii).

10/ Ibid., para. 172 (b) (iii).

11/ See also paras. 6-9 above.

12/ Official Records of the General Assembly, Fiftieth Session, Supplement No. 30 (A/50/30).